



State of Louisiana
DEPARTMENT OF NATURAL RESOURCES
OFFICE OF MINERAL RESOURCES
STATE MINERAL AND ENERGY BOARD

TO: STATE MINERAL AND ENERGY BOARD MEMBERS

FROM: FREDERICK D. HECK
PETROLEUM LANDS DIRECTOR
OFFICE OF MINERAL RESOURCES

DATE: FEBRUARY 9, 2011

LEGAL AND TITLE CONTROVERSY COMMITTEE AGENDA

The regular meeting of the Legal and Title Controversy Committee of the State Mineral and Energy Board will be held on February 9, 2011, following the Audit Committee Meeting, in the LaBelle Room, First Floor, LaSalle Building located at 617 North Third Street, Baton Rouge, Louisiana.

Items on the Agenda are as follows:

1. A request by Staff to rescind the rejection of the bid by Carla Petroleum, Inc. at the January 12, 2011, mineral lease sale for insufficient consideration on Tract 41787, consisting of 72 acres located in the parishes of East Feliciana and St. Helena, and awarding of the lease on said tract to Carla Petroleum, Inc.
2. A request for final approval of a Royalty Sharing Agreement by and between the State Mineral and Energy Board, the Long-O'Brien Heirs and the Howell Heirs, whereas said parties do hereby agree on the payment of royalties on production attributable to the MIO RA SUA, affecting State Lease No. 19354, Cameron Parish, Louisiana, with further particulars being stipulated in the instrument, on the docket as Item No. 11-03.
3. A request for final approval of a Settlement and Release Agreement by and between the State of Louisiana, acting through its agency, The State Mineral and Energy Board and The Louisiana Land and Exploration Company, whereas said parties agree to settle audit claims, affecting

State Lease Nos. 188, 199, 301, 1021, 1249, 2986, 3278, 3722, 3723, 15110, 15836 and 16529, Lafourche and Terrebonne Parishes, Louisiana, with further particulars being stipulated in the instrument, on the docket as Item No. 11-04.

4. A request for final approval of a Division Order and Agreement by and between the State of Louisiana, acting through its agency, The Louisiana State Mineral and Energy Board, White Oak Operating Company, LLC, Manti Exploration Operating LLC and "Disputed Landowners" listed on "Exhibit A" attached hereto, whereas said parties agree to the allocations of production of the acreage of the K RA SUA unit in Drakes Bay Field, affecting State Lease Nos. 19250 and 19550, Plaquemines and Terrebonne Parishes, Louisiana, with further particulars being stipulated in the instrument, on the docket as Item No. 11-05.
5. A request for final approval of a Lease Amendment presented by and between the State Mineral and Energy Board and Black Elk Energy Offshore Operations, LLC, whereas said parties desire to amend the Lease to include a Force Majeure Provision and other required clauses, affecting State Lease No. 4238, Terrebonne Parish, Louisiana, with further particulars being stipulated in the instrument, on the docket as Item No. 11-06.
6. A request by Staff for Board agreement in principle to amend the Agreement with McMoRan Oil & Gas, LLC covering Mound Point and Lighthouse Point selections of State Lease No. 340 to extend the term of the said Agreement by five additional years from February 13, 2012, under the following terms and conditions:
 - a. McMoRan would pay the State the sum of \$3,875,500.00 on or before February 13, 2011, amounting to \$125 per acre for 31,004 acres, would not drop any acreage from the 31,004 acres prior to February 13, 2012, and, unless a portion of said acreage becomes productive prior to February 13, 2012 which would lessen the acreage on which the per acre price is to be paid, a like amount paid to the State on or before February 13, 2012 which would maintain the agreement in force until February 13, 2013. McMoRan may then drop acreage from the non-productive acreage of the agreement after February 13, 2012 and before February 13, 2013;
 - b. On or before February 13, 2013, McMoRan may maintain the agreement in force on any non-productive acreage it has not dropped by paying \$150.00 per acre for the remaining non-

productive acreage, would not drop any non-productive acreage prior to February 13, 2014, and, unless a portion of the acreage becomes productive prior to February 13, 2014 which would lessen the acreage on which the per acre price is to be paid, a like amount paid to the State on or before February 13, 2014 which would maintain the Agreement in force until February 13, 2015. McMoRan may then drop acreage from the non-productive acreage of the agreement after February 13, 2014 and before February 13, 2015;

- c. If there is any non-productive acreage remaining, on or before February 13, 2015, McMoRan may maintain the Agreement in force on said acreage by paying \$175.00 per acre on the remaining non-productive acreage, would not drop any remaining non-productive acreage prior to February 13, 2016, and, unless a portion of the acreage becomes productive prior to February 13, 2016 which would lessen the acreage on which the per acre price is to be paid, a like amount paid to the State on or before February 13, 2016 which would maintain the Agreement in force until February 13, 2017; and
 - d. Effective date of the amendment would be February 13, 2011.
- 7. A request by Staff for the waiver of all or a portion of the liquidated damage assessment incurred by Matador Energy, LLC, West Delta 25 1&3 Joint Venture, and West Delta 25/50 Joint Venture levied on the late release of State Lease No. 10090 in the amount of \$21,300.00, Plaquemines Parish.
 - 8. A request by Matador Resources Company to appear before the Board and request that it be allowed to place royalty revenues attributable to portions of the bed and bottom of the Red River in title controversy within producing units in the Haynesville Shale area covered by SAL 18820 into the registry of the court, retroactive to the date of first production of unit wells until title is resolved in the litigation entitled Stroud Petroleum, Inc. vs. Pintail Properties, LLC, et al Docket No. 34865, Red River Parish.
 - 9. A request by Encana Oil & Gas (USA) Inc. to appear before the Board to present a proposal to drill long laterals crossing unit lines in the Haynesville Zone units in Woodardville Field, being HA RA SU55, HA RA SU57 and HA RA SU64, Red River Parish.

The Committee may discuss other matters as it desires pursuant to La. R.S. 42:7(A)(1)(b)(ii), including matters which may validly be held in executive session pursuant to La. R. S. 42:6, especially 42:6(1)(A)(2)&(6).